

SUMMARY OF COMMENTS

ON

**PROPOSED AMENDMENTS REGARDING
EXTENSION OF INTERACTIVE DATA VOLUNTARY REPORTING
PROGRAM ON THE EDGAR SYSTEM TO INCLUDE
MUTUAL FUND RISK/RETURN SUMMARY INFORMATION**

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Prepared by:

Alberto H. Zapata
Division of Investment Management

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LIST OF COMMENTERS

Accounting Firm

- | | | |
|----|----------------------------|-----|
| 1. | PricewaterhouseCoopers LLP | PWC |
|----|----------------------------|-----|

Individuals

- | | | |
|----|----------------------|-----------|
| 1. | Walter Hamscher | Hamscher |
| 2. | Charles Hoffman, CPA | Hoffman |
| 3. | Ayal Rosenthal | Rosenthal |

Software Companies

- | | | |
|----|----------------------|------------|
| 1. | Confluence | Confluence |
| 2. | NewRiver, Inc. | NewRiver |
| 3. | Rivet Software, Inc. | Rivet |

Trade Association

- | | | |
|----|------------------------------|-----|
| 1. | Investment Company Institute | ICI |
|----|------------------------------|-----|

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I. INTRODUCTION

On February 6, 2007, the Securities and Exchange Commission (the “Commission”) issued a release proposing rule amendments under the Securities Act of 1933 (“Securities Act”) and the Investment Company Act of 1940 (the “Investment Company Act”) to extend the Commission’s existing interactive data voluntary reporting program to enable mutual funds to submit supplemental tagged information contained in the risk/return summary section of their prospectuses using a taxonomy developed by the Investment Company Institute.¹ The comment period closed on March 14, 2007. The Commission received eight comment letters under the file number of the proposal (S7-05-07), including three from software companies, one from a trade association, one from an accounting firm, and three from individuals.²

II. DISCUSSION

A. Expansion of Voluntary Program Content

Seven commenters generally supported tagging risk/return summary information.³ Three of these commenters explicitly stated that it is beneficial to tag mutual fund risk/return summary information.⁴ Three commenters stated that tagging risk/return summary information is the appropriate or logical place to begin evaluating the tagging of non-financial information.⁵ Four commenters stated that the risk/return summary includes the “key” information investors are interested in and most commonly consider.⁶

¹ Investment Company Act Release No. 27697 (Feb. 6, 2007) [72 FR 6676 (Feb. 12, 2007)] (“Proposing Release”).

² Confluence; Walter Hamscher (“Hamscher”); Charles S. Hoffman, CPA (“Hoffman”); Investment Company Institute (“ICI”); NewRiver, Inc. (“NewRiver”); PricewaterhouseCoopers LLP (“PWC”); Rivet Software, Inc. (“Rivet”); and Ayal Rosenthal (“Rosenthal”). One commenter, ICI, contracted with another commenter, PWC, to develop the risk/return summary taxonomy. Another commenter, Hamscher, acted as a subcontractor to PWC in developing the taxonomy.

³ Confluence; Hamscher; Hoffman; ICI; NewRiver; PWC; Rosenthal.

⁴ Hamscher; PWC; Rosenthal.

⁵ Confluence; Hamscher; NewRiver.

⁶ Confluence; Hamscher; ICI; PWC.

One commenter noted that there is no technical obstacle to extending the risk/return summary taxonomy to cover other parts of Form N-1A.⁷ Another commenter did not favor at this time encouraging or including any other data in the voluntary program because the extra information would create the need for complicated extensions to the ICI taxonomy.⁸

1. Effect of Tagged Data on Investors', Analysts', and Other Users' Ability to Analyze Mutual Funds' Risk/Return Summary Disclosure and the Usefulness of Disclosure in Commission Filings

Three commenters indicated that tagged risk/return summary information could provide benefits for end users, including ensuring the accuracy of data through automation,⁹ and the ability to easily and instantly extract information.¹⁰ One commenter generally concluded that tagged risk/return summary information would make disclosure in Commission filings more useful.¹¹

2. Tagging All or Discrete Portions of the Risk/Return Summary Information

Three commenters recommended that volunteers be permitted to tag some, but not all, of the series or classes contained in their official filings.¹² One of these commenters stated that requiring volunteers to tag all of a funds' series and share classes contained in their official filings would discourage participation in the program.¹³ All three of these commenters supported requiring volunteers to tag the entire risk/return summary section for each series or class chosen to be tagged and not allowing tagging of discrete portions of the risk/return summary.¹⁴ One of these commenters stated that partial tagging would be a disservice to end users attempting to compare information about two funds.¹⁵

⁷ Hamscher.

⁸ Confluence.

⁹ Confluence; Hamscher.

¹⁰ Hamscher; PWC.

¹¹ Hamscher.

¹² Hamscher; ICI; PWC.

¹³ ICI.

¹⁴ Hamscher; ICI; PWC.

¹⁵ ICI.

3. Submission of Updated Tagged Exhibits

One commenter stated that participation in the voluntary program should not create a continuing obligation for a volunteer to submit tagged risk/return summary information as an exhibit to a subsequent post-effective amendment.¹⁶ This commenter stated that, if continuing obligations were imposed, some mutual funds might decide not to volunteer.

4. Tagging Information Such that Each Series and Class can be Separately Identified

Three commenters stated that the risk/return summary taxonomy provides for information to be separately identified by series and class.¹⁷ Two of these commenters expressly stated that the risk/return summary information should be tagged such that the information for each series and class is separately identifiable.¹⁸ One commenter recommended a technical change to the proposed language in rule 8b-33 under the Investment Company Act to clarify that information must be tagged in a manner that would permit the information for each class to be separately identified when *information is provided at the class level*.¹⁹

5. Separate Tagged Risk/Return Summary Exhibits for Each Series or Class

One commenter stated that the Commission need not and should not require funds to submit separate tagged risk/return summary exhibits for each series or class, and requiring funds to do so would create an unnecessary burden on volunteers without providing commensurate benefits.²⁰ One commenter stated that although information should be tagged at the series and class level, the presentation of information should be left to the preparer's discretion and be consistent with how the information is currently presented.²¹

One commenter stated that volunteers should be permitted to combine multiple series and classes of the same registrant and that the risk/return summary taxonomy

¹⁶ ICI.

¹⁷ Hamscher; ICI; PWC.

¹⁸ Hamscher; PWC.

¹⁹ ICI.

²⁰ ICI.

²¹ PWC.

allows volunteers to combine any number of risk/return summary exhibits into a single document.²²

6. Criteria for Participants in the Expanded Voluntary Program

Two commenters stated that any registrant should be allowed to participate without limitations.²³

7. Encouraging Mutual Funds to Participate

One commmenter recommended that the Commission offer expedited review of fund exemptive applications as a step to encourage mutual funds to participate in an expanded voluntary program.²⁴ The commenter also recommended, as an alternative to expedited review of an exemptive application, expedited review of an initial registration statement on Form N-1A or an amendment to a registration statement to add a new fund or series. Two commenters stated that the Commission should develop a standard template or literal “form,”²⁵ with one of the commenters stating this could lower the barrier for participation for small funds.²⁶ One of these commenters also stated that the Commission could seek to accelerate the transmission of prospectuses to interested parties via an RSS feed or other targeted dissemination mechanism.²⁷ Another commenter stated that the most important step that the Commission can take to encourage participation is to clearly articulate that tagged risk/return summary information can be submitted based on the filer’s convenience, by amending a previously accepted Form N-1A filing.²⁸ This commenter also stated that keeping the taxonomy simple, including by not permitting the furnishing of additional information such as topic taxonomy extensions and financial highlights, will allow increased participation.

B. Required Disclosure

One commenter supported extending to mutual funds that file tagged risk/return summary information the requirement that an official filing with which tagged exhibits are submitted must contain specified cautionary language.²⁹ The commenter also stated

²² Hamscher.

²³ Hamscher; PWC.

²⁴ ICI.

²⁵ Hamscher; PWC.

²⁶ Hamscher.

²⁷ Hamscher.

²⁸ Confluence.

²⁹ ICI.

that disclosure stating that the information contained in a tagged exhibit is “unaudited” or “unreviewed” is unnecessary. Two commenters recommended that volunteers be required to include within their tagged exhibits cautionary disclosure (e.g., stating that the tagged exhibits are not the funds’ official filing and should not be relied upon in making investment decisions).³⁰ One of these commenters also stated that such disclosure could be added as an element of the risk/return summary taxonomy.³¹ Two commenters stated that the exhibit index is the appropriate place to include cautionary disclosures.³² One commenter stated that, if the Commission includes a tool on its Web site to render the tagged information, the Commission should include appropriate cautionary language about the purpose and limitations of the tagged data, suggesting providing a cross reference to the EDGAR database for investors who seek information for investment purposes.³³

C. Liability Issues

One commenter supported extending liability protection under the voluntary program to include Section 11 of the Securities Act.³⁴ That commenter also stated that such liability protection, along with the other liability protection already included in rule 402 of Regulation S-T, is essential if the Commission hopes to encourage funds to participate in the voluntary program. That commenter also encouraged the Commission to consider safeguards, such as the option to withdraw tagged exhibits, in order to ensure that there is no liability for funds or harm to investors if rendering tools make use of outdated information.

Another commenter stated that the Commission should consider including disclosure, within the fund instance document filings, to make clear that the information is furnished and not filed as part of the voluntary program.³⁵ That commenter also noted generally that to encourage participation in the voluntary program, the Commission should consider providing liability protection to those involved.

³⁰ ICI; PWC.

³¹ ICI.

³² ICI; PWC.

³³ ICI.

³⁴ ICI.

³⁵ PWC.

D. Risk/Return Summary Taxonomy and Software Tools

1. Sufficiency of the Risk/Return Taxonomy

Two commenters expressly stated that the risk/return summary taxonomy was sufficiently developed.³⁶ Another commenter generally stated that the risk/return summary taxonomy has been developed and tested using several of the most common XBRL editing and viewing tools.³⁷ The commenter also stated that industry service providers have also incorporated the taxonomy into their XBRL-enabled proprietary software. One commenter suggested that the Commission review the number of discrete data elements in the taxonomy and determine whether a smaller subset would reduce the complexity and cost of creating the XBRL filing document, while maintaining the overall integrity of the information and the benefit of having it organized in an XBRL schema.³⁸ One commenter encouraged the Commission to consider imposing validity testing above and beyond that of the current voluntary filing program in order to ensure that high quality instance documents are submitted.³⁹

One commenter recommended that all references to Form N-1A be removed from the taxonomy, stating that a taxonomy should be completely data centric and not form centric.⁴⁰ That commenter suggested that the taxonomy should avoid the use of complex structures such as dimensions, tuples, and nested tuples unless absolutely necessary. The commenter also suggested that sections of the taxonomy that include blocks of narrative text could be augmented with some smaller elements that categorize the risk in enumerated ways. That commenter also stated that the Commission should consider making the risk/return summary taxonomy an “extension” of the US GAAP IM taxonomy currently in use in the voluntary program.

2. Development and Approval Process for the Risk/Return Summary Taxonomy

Two commenters stated that there are two levels of recognition by the XBRL International consortium that can be sought: “acknowledgement” and “approval.”⁴¹ These commenters stated that “acknowledgement” provides formal recognition by XBRL International that a taxonomy can be automatically validated against XBRL standards and

³⁶ Hamscher; PWC.

³⁷ ICI.

³⁸ NewRiver.

³⁹ Hoffman.

⁴⁰ Rivet.

⁴¹ Hamscher; ICI.

that the process is straightforward and can be accomplished in a month. These commenters also stated that “approval” requires more detailed assessment of the taxonomy’s architecture and its relationship to other XBRL taxonomies and is more complex and time consuming.

These two commenters stated that the risk/return summary taxonomy can currently be considered “valid” XBRL.⁴² One of these commenters stated that the Commission should require “acknowledgement” of the taxonomy by XBRL International,⁴³ and the other commenter, the ICI, stated that it plans to pursue and obtain acknowledgement by the time the taxonomy is made available in the voluntary program.⁴⁴ These two commenters stated that seeking “approval” of the taxonomy by XBRL International would introduce unpredictable delay⁴⁵ or was not necessary before allowing filers to use the taxonomy in the voluntary program.⁴⁶

3. Use of Extensions to the Standard Taxonomy

Two commenters stated that the use of extensions may be necessary as part of the voluntary program.⁴⁷ One commenter recommended that the Commission incorporate validation rules into the EDGAR system to limit the extensions that filers may provide.⁴⁸ Another commenter stated that topic taxonomy extensions should not be encouraged until the taxonomy is enhanced with definitions on how they should be included.⁴⁹ Finally, one commenter suggested that the taxonomy could be improved through the addition of extension elements that can relate to elements in the base taxonomy, so comparative reports can easily be generated.⁵⁰

⁴² Hamscher; ICI.

⁴³ Hamscher.

⁴⁴ ICI.

⁴⁵ Hamscher.

⁴⁶ ICI.

⁴⁷ ICI; PWC.

⁴⁸ Hamscher.

⁴⁹ Confluence.

⁵⁰ Rivet.

4. Software Tools

Two commenters expressly stated that they supported the Commission offering a rendering tool on its Web site.⁵¹ One of these commenters stated that such a tool could help investors and funds that are considering whether to participate in the program to better understand and explore the benefits of XBRL, and such a tool could stimulate the development of other, more sophisticated tools for rendering XBRL-tagged data.⁵²

One commenter stated that the risk/return summary taxonomy can be published with a fixed style sheet to provide a rendering that would be immediately recognizable to both author and reader; a separate fixed style sheet can be used for analysis.⁵³ The commenter recommended that the Commission encourage development, testing, and release of these style sheets as open source before the EDGAR system begins allowing risk/return summary instance documents.

E. Effective Date

One commenter recommended that the amended rules become effective the later of: (1) 30 days after publication; or (2) upon availability of the risk/return summary taxonomy on the Commission's Web site.⁵⁴

F. Paperwork Reduction Act

There were no comments related to the Paperwork Reduction Act.

G. Cost/Benefit Analysis

One commenter stated that it is extremely difficult to estimate the likely cost of participation in the voluntary program at this time.⁵⁵ The commenter expects that volunteers will use a variety of means to prepare exhibits for submission in XBRL. The commenter stated that the costs of these approaches could vary widely, and each approach may offer different economies of scale as it is applied to multiple filings.

H. Promotion of Efficiency, Competition, and Capital Formation

There were no comments related to this section.

⁵¹ ICI; PWC.

⁵² ICI.

⁵³ Hamscher.

⁵⁴ ICI.

⁵⁵ ICI.

I. Initial Regulatory Flexibility Act Analysis

There were no comments related to this section.

J. Consideration of Impact on the Economy

There were no comments related to this section.